

## REMARKS

This paper is responsive to the Office Action mailed October 27, 2009. In the present application, Claims 10-14, 18-20, 31-36, 38-46, and 48-52 are pending. The Office Action rejected Claims 10, 11, 32, 33, 42, 43, and 52 as allegedly being unpatentable under 35 U.S.C. § 103(a) in view of PCT/US00/10803 (published as WO 00/63814) (hereinafter "Korhammer"). The Office Action did not address Claim 35, and absent a stated rejection, Claim 35 is presumed to be allowable. Applicant thanks Examiner Weisberger for the indication of allowance of Claims 12-14, 18-20, 31, 34, 36, 38-41, 44-46, and 48-51.

Applicant has considered the rejected claims in view of Korhammer and the discussion provided in the Office Action. For at least the reasons discussed below, applicant requests reconsideration of Claims 10, 11, 32, 33, 42, 43, and 52. Applicant respectfully submits that claim rejections should be withdrawn.

### Claims 10, 11, 32, 33, 42, 43, and 52 Are Patentable Over Korhammer

The Office Action (page 2) rejected Claims 10, 11, 32, 33, 42, 43, and 52 as allegedly being unpatentable over Korhammer. The Office Action conceded that Korhammer fails to teach "a plurality of sets of conditional rules defined in a memory therein, each set of conditional rules defining a discovery strategy and an action strategy, the discovery strategy specifying parameters for whether and how to obtain price quotations for at least one of a plurality of markets, and the action strategy specifying order processing parameters," as claimed in Claim 32. Similar features are recited in Claims 10, 42, and 52, albeit in different terms.<sup>1</sup> Nevertheless, to

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<sup>1</sup> Claim 10 recites "a plurality of sets of conditional rules defined in a memory therein, receiving a trader-selected set of conditional rules, wherein the selected set of conditional rules defines a discovery strategy and an action strategy, the discovery strategy specifying parameters for whether and how to obtain price quotations for at least one of a plurality of markets, and the action strategy specifying order processing parameters," while Claim 42 recites "a trader-selected set of conditional rules, wherein the selected set of conditional rules defines a discovery strategy and an action strategy, the discovery strategy specifying parameters for whether and how to obtain price quotations for at least one of a plurality of markets, and the action strategy specifying order processing parameters" and Claim 52 recites "a trader-selection of a set of conditional rules from a plurality of sets of conditional rules defined in a memory, wherein the selected set of conditional rules defines a discovery strategy and an action strategy, the

overcome the teachings that are missing from Korhammer, the Office Action appeared to rely on alleged knowledge in the art, arguing "it would have been obvious for one skilled in the art to have added a feature to discover the lowest price (the discovery strategy) and to have executed the trade (the action strategy) as motivated by the need to either comply with regulations or to find their clients the lowest price." (Office Action, page 2).

Applicant respectfully traverses the claim rejections as not being commensurate with the scope of the claims. Furthermore, the claim rejections lack evidentiary support.

Claims 10 and 32 recite "a plurality of sets of conditional rules defined in a memory therein," while Claim 42 recites "a trader-selected set of conditional rules." Claim 52 recites "a trader-selection of a set of conditional rules from a plurality of sets of conditional rules defined in a memory." None of these claim elements is rendered obvious by the alleged knowledge in the art "to discover the lowest price" and "to have executed the trade."

The feature "to discover the lowest price," as alleged in the Office Action, indicates nothing that suggests "a plurality of sets of conditional rules . . . , each set of conditional rules defining a discovery strategy and an action strategy, the discovery strategy specifying parameters for whether and how to obtain price quotations for at least one of a plurality of markets," as claimed in Claim 32 of the present application. Market participants may be inclined to seek out the lowest price (at least for buying), but such interest does not constitute a discovery strategy that "specif[ies] parameters for whether and how to obtain price quotations for at least one of a plurality of markets."

Similarly, the feature "to have executed the trade," as alleged in the Office Action, does not suggest "a plurality of sets of conditional rules . . . each set of conditional rules defining . . .

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discovery strategy specifying parameters for whether and how to obtain price quotations for at least one of a plurality of markets, and the action strategy specifying order processing parameters."

an action strategy, . . . the action strategy specifying order processing parameters," as claimed. Indeed, the Office Action did not cite any prior art or other evidence that a "plurality of sets of conditional rules" or even a "set of conditional rules," as recited in the claims in combination with other claimed features, were known in the art at the time the present application was filed.

Furthermore, Korhammer provides no teaching or suggestion of an "order-handling program *configured with the selected set of conditional rules* to route the order to at least one of the plurality of markets *in accordance with the set of conditional rules*," as recited in Claim 32.

Korhammer purports to describe a user selecting a particular market for routing an order (for example, NASDAQ SelecNet, an ECN, or the CCS order book "ColorBook" as shown at 704-706 in Figure 9). However, user designation of a particular market for routing does not describe or suggest execution of an order-handling program that includes automatically routing an order to at least one of a plurality of markets in accordance with the selected set of conditional rules. There are no "conditions" to consider in Korhammer as the user has expressly designated the routing of the order.

Similar arguments apply to independent Claims 10, 42, and 52. Additionally, as to Claim 52, the specification describes examples of algorithms for carrying out the claimed computer means. For example, the specification explains that conditional rules may be embodied in one or more decision tables that direct the manner in which the computer will respond to different trading circumstances. See, e.g., page 3, lines 10-14, where the present application explains:

In accordance with an aspect of this invention, there is provided a method of facilitating trading. An order is automatically received from a user, and the order is automatically routed to at least one of a plurality of markets in accordance with an order processing strategy selected from a plurality of order processing strategies by the user.

In a further aspect, the order processing strategy is embodied in a decision table.

As further explained in the description at page 50, lines 7-12:

Generally, an ELF<sup>2</sup> makes a decision using a decision table, a set of conditional rules applied at the specified point in the trading process, such as when an order is received, when a price is first received, when a price improvement opportunity is received when the ELF is in the crowd for an umpire, or upon reporting of an execution to make an allocation of the executed quantity among appropriate parties. The ELF's decision-making parameters are transparent to an umpire. Tables 5-7 provide examples of decision tables.

Further discussion of uses of conditional rules in the form of a decision table are found in the description at page 51, lines 13-23, as follows:

Operational uses of decision table 110 specified at step 320 of FIG. 16 include:

1. Deciding which umpires to utilize for each order;
2. Specifying acceptable and/or unacceptable contra-parties;
3. Evaluating whether to accept a proposed pairing;
4. Provisional price acceptance processing;
5. Determining whether and how to make a counter-offer, and any modifiers for the counter-offer;
6. Deciding whether to join and remain in the crowd for an umpire;
7. Deciding whether to post an order with an umpire; and
8. Deciding whether to offer an improved price during a price improvement period of an umpire.

The conditional rules in these examples define a variety of discovery strategies and action strategies. For yet a further example, see also page 61, lines 10-16, of the application as filed:

At step 685, oE 10 obtains the values, if any, that the decision logic will need from various evaluation umpires. At step 690, oE 10 invokes decision engine 100 to create the action list including the parameters for the umpires in the action list, such as minimum lot size, and reserve price. The decision process may involve a parameter from other sources. The parameter may be found in, for example, umpires table 140, and/or an externally supplied parameter as referred to in decision table 110. An

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<sup>2</sup> "An ELF may be thought of as a virtual floor broker that operates at electronic speeds." See page 5, lines 9-13, of the application as filed. "Forming an ELF is the culmination of a procedure involving configuring an order-handling program with specifications from a trader, and executing the configured program on the platform of system 5 to create an order handling engine, also referred to herein as a trading process. An order ELF may be coupled to as many order umpires as desired." See also page 4, lines 14-17 ("System 5 is a general purpose computer or network of computers programmed in accordance with the present invention and functions as a platform for allowing electronic liquidity finder (ELF) programs and umpire programs to interact.").

example of a parameter is whether an umpire will make a payment or give a credit to oE 10 for placing its order with that umpire.

For at least the above reasons, applicant submits that the Office Action has not established a *prima facie* basis for rejecting Claims 10, 32, 42, and 52 under Section 103. As acknowledged in the Office Action, Korhammer is deficient with respect to the invention claimed in the present application. Moreover, the arguments presented in the Office Action for rejection of Claims 10, 32, 42, and 52 do not address all the claim elements that are missing from Korhammer, and therefore the arguments are not commensurate with the scope of the claims.

Additionally, the arguments in the Office Action are not supported by evidence. Applicant notes, on page 2 of the Office Action, an apparent attempt to officially notice one or more facts. If the Office has indeed intended to take Official Notice, such notice is respectfully traversed, at least because it is not in compliance with the Office's own procedures.

In particular, the Office has failed to satisfy its obligations under M.P.E.P. § 2144.03. M.P.E.P. § 2144.03(B), for example, expressly requires the Office to provide specific factual findings predicated on sound technical and scientific reasoning to support taking Official Notice. The M.P.E.P. explains that the Office should present an applicant with the explicit basis on which Official Notice is based so that the applicant is able to challenge the assertion in the next reply after the Office Action. M.P.E.P. § 2144.03 also states that "Official Notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known." Unsupported assertions about what is allegedly known in the art, as presented on page 2 of the Office Action, do not satisfy these requirements.

For at least this additional reason, the rejection of Claims 10, 32, 42, and 52 should be withdrawn.

Claims 11-14, 18-20, and 31 each directly or indirectly depend from Claim 10, while Claims 33-36 and 38-41 each directly or indirectly depend from Claim 32, and Claims 43-46

and 48-51 each directly or indirectly depend from Claim 42. Applicant respectfully submits that these claims are in condition for allowance for at least the same reasons presented above. Claims 11-14, 18-20, 31, 33-36, 38-41, 43-46, and 48-51 are also patentable for the additional subject matter they recite. As noted above, the Office Action has acknowledged the allowability of Claims 12-14, 18-20, 31, 34, 36, 38-41, 44-46, and 48-51.

#### Finality of the Present Office Action Should Be Withdrawn

The present application is in condition for allowance. Nevertheless, should the Examiner determine that a further Office Action is necessary, applicant requests withdrawal of the finality of the present Office Action. In applicant's last response, applicant did not substantively amend the claims,<sup>3</sup> nor did the present Office Action allege that claim amendments necessitated new grounds of rejection. Nevertheless, the present Office Action presented new grounds of rejection.<sup>4</sup> In circumstances where an examiner presents new grounds of rejection in a subsequent Office Action that are neither necessitated by applicant's amendment of the claims nor based on information submitted in an Information Disclosure Statement filed during the period set forth in 37 C.F.R. § 1.97(c), the subsequent Office Action should not be made final. See M.P.E.P. § 706.07(a).

#### Information Disclosure Statements

For completion of the file, applicant requests that the Examiner initial and return a copy of the Information Disclosure Statements submitted September 14, 2001; October 13, 2006;

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<sup>3</sup> Applicant did not amend Claims 10-14, 18-20, 31-36, 38-41, 43-46, and 48-51. For improved clarity, applicant amended Claim 42 only to replace "when" with "if" and added Claim 52.

<sup>4</sup> The previous Office Action rejected Claims 10-14, 18-20, 31-36, 38-46, and 48-51 as being unpatentable over Korhammer in view of non-patent literature titled "*MiFID Best Execution Benchmark*" (hereinafter "MiFID"). As acknowledged in the present Office Action, MiFID does not qualify as prior art under any provision of 35 U.S.C. § 102, and therefore could not be used under Section 103(a) to reject the claims. The present Office Action now rejects Claims 10, 11, 32, 33, 42, 43, and 52 as being unpatentable over Korhammer alone, which is a different ground of rejection.

December 21, 2006; September 20, 2007; October 9, 2007; January 4, 2008; and October 24, 2008.

Applicant also requests reconsideration of the Information Disclosure Statement submitted September 18, 2009. A signed copy of the September 18, 2009, IDS was included with the present Office Action, but none of the references listed in the IDS were initialed by the Examiner and nor did any of the pages of the IDS bear the text "All References Considered Except Where Lined Through. /R.W./" as the Examiner has used with other Information Disclosure Statements. Applicant seeks confirmation in the record that the cited references were considered.

#### Advisory Action

As a final matter, applicant received an Advisory Action dated November 18, 2009, in regard to the present application. The Advisory Action appears to respond to non-patent literature titled "*MiFID Best Execution Benchmark*" that was purportedly filed with the Patent Office, and indicates "the nonpatent literature has been placed in the record but has not been considered."

Applicant responds by first noting that the above-identified "MiFID" reference has indeed been considered by the Office, as this reference was cited by the Office in the last Office Action. See footnote 4 above.

Applicant also responds by noting that applicant did not submit a copy of the MiFID reference to the Office. An investigation of the Image File Wrapper (IFW) via PAIR indicates that a copy of the MiFID reference was placed in the IFW the same day that the present Office Action was mailed. It appears that the Office erroneously included a copy of the MiFID reference in the IFW while it was processing the present Office Action. The Advisory Action therefore appears to have been issued in error and should not affect the Office's consideration of the present response.

CONCLUSION

Applicant respectfully submits that the claims in the present application are in condition for allowance. Reconsideration and allowance of the application at an early date is requested. Should any issues remain, the Examiner is invited to contact the undersigned counsel by telephone at the number indicated below.

Respectfully submitted,

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